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Testimony Provided on
California Water - A Regional Perspective
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California Water - A Regional Perspective

The Bay Area Council is a business-sponsored, CEO-led, public-policy organization founded in 1945 to promote economic prosperity and quality of life in the region. The Bay Area region encompasses the nine counties that rim San Francisco Bay and 100 cities, including Oakland, San Francisco and San Jose, the heart of Silicon Valley. The economy of the Bay Area is approaching \$250 billion annually. The regional economy not only is dependent on an adequate supply of quality water to thrive, but also is closely linked to the environmental health of the Bay-Delta Ecosystem. As an association of major employers, the Bay Area Council has been involved in California water policy issues for more than a decade and since 1994 has been deeply engaged in the Bay-Delta CALFED process.

The following points summarize the perspectives of the Bay Area Council as a regional organization of major employers with a history of involvement in California water policy.

- California water policy is at a critical juncture. Decisions that are being made today about how to improve California's water infrastructure will have profound and lasting implications for the nation and the state, now the 6th largest economic power in the world.
- Water policy decisions and the manner in which they are implemented will affect every resident and every business in California, which in turn has major implications for the national economy.
- While we have come along way over the last several years to craft an action plan to restore the critical hub of the state's water system, the Bay-Delta, we need investment to move that plan to reality.
- That is why the employers who are members of the Bay Area Council have invested in the development of the solutions and are now focusing on the funds necessary to implement the solutions. We have joined with other business organizations in California to advance workable solutions. As an example, attached is a position statement issued in 1998 from employer organizations regarding the Bay-Delta CALFED program.
- Following the prolonged drought of the late 80s and early 90s, California businesses invested literally billions of dollars to increase their water efficiency, getting more production out of every gallon.
- Those efforts have paid off tremendously. California water agencies now serve more people and more industries than in the early 80s with almost the same amount of water. However, as the limits of efficiency from the current supply are approached, new investments must be made.
- As we know, permanent reductions in water usage that have been achieved through retrofitting industries with water efficient hardware lead to demand hardening. This means that conservation efforts in the future will not free up the additional water that will be needed to sustain a strong economy.

- Ironically, businesses that drive economic growth and productivity are among the most dependent on reliable, high quality water.
- To ensure that the economy continues to thrive, business needs a reliable, good quality supply of water. This is especially true in the high tech industry where variances in supply and quality can translate into more costs and a higher bottom line.
- It goes without saying that thriving businesses lead to more jobs which leads to a strong economy. Water is one of the key threads that holds those pieces together.
- The demand for jobs will only increase as California's population is estimated to reach 40 million by 2010 and almost 50 million by 2020. The Bay Area is projected to generate more than 1 million new jobs by 2020 and grow by perhaps as much as 1.4 million people.
- Last year, the state and federal government and stakeholders, including the business community, supported the final plan to fix the Bay-Delta, California's major water infrastructure system. The plan is multi-faceted and calls for enormous investment in water quality and supply, as well as restoration of the environment.
- Severe water shortages and economic impacts are predicted for California if the investments are not made now. In fact, it is likely that significant shortages and economic impacts will be experienced before all of the improvements and facilities included in the Bay-Delta plan can be completed and brought on line.
- The current energy crisis in California is a stark reminder of what can happen when investments are not made in infrastructure, resulting in deterioration of both capacity and flexibility to meet normal demand levels, not to mention the ability to respond in case of emergencies.
- The Bay-Delta program provides essential ingredients to rebuild the nation's water infrastructure in California. But significant financial resources will be needed at both the federal and state level.
- The program calls for \$1 billion to expand existing storage facilities and construct new ones. It includes \$1 billion toward environmental and ecosystem restoration. Another \$1 billion is earmarked to upgrade the aging water conveyance system. Improvements to drinking water quality for all water users is slated to receive \$800 million. Approximately \$1 billion is earmarked for water conservation and reclamation programs.
- These investments are critical to drought proof California and to protect this vital economy.
- A federal funding authorization is pivotal to improving California's water infrastructure.

Agreement last year on a plan of action signaled a new era of cooperation and water management that is historic. It is time to seize this opportunity and move forward. The Bay Area Council and major employers in the region join with business organizations throughout California in urging Congressional action to invest in the water infrastructure needed to support the nation's economy for the 21st Century.